

**BROWN, WOOD, IVEY, MITCHELL & PETTY**

ONE LIBERTY PLAZA, NEW YORK, N.Y. 10006

212-349-7500

TELEX: 127324

CABLE ADDRESS: BROWOODLAW

TELECOPIER: 212-349-7516

**0-308A020**

GUNDARS APERANS  
JOSEPH W. ARMBRUST, JR.  
GEORGE B. BOYLE  
E. MICHAEL BRADLEY  
WILLIAM E. CARTER  
WILLIAM R. CARTER  
RICHARD CONWAY CASEY  
PHILIP W. CLARK  
KENNETH T. COTE  
THOMAS D. CREAN  
HOWARD G. GODWIN, JR.  
JOSEPH GUANDOLO  
ROGER J. HAWKE  
J. COURTNEY IVEY  
CHARLES J. JOHNSON, JR.  
RALPH L. JONES  
GEORGE R. LASHNITS  
F. LEE LIEBOLT, JR.  
JAMES K. MANNING  
JAMES B. MAY  
WALTER G. MCNEILL

PETER J. MICHEL  
HENRY F. MINNEROP  
ROBERT L. MITCHELL  
JOHN H. NEWMAN  
RICHARD S. PETTY  
PAUL C. PRINGLE  
JOHN A. QUISENBERRY  
A. FRANCIS ROBINSON, JR.  
RICHARD D. RUDDER  
CHARLES J. SANDERS  
HOMER D. SCHAAF  
NORMAN D. SLOAKER  
THOMAS R. SMITH, JR.  
EDWARD P. TOLLEY, JR.  
LAWRENCE C. TONDEL  
MICHAEL VOLDSTAD  
SEGWICK A. WARD  
KAREL WESTERLING  
HOWARD W. WHITAKER  
HENRY E. WILLIAMS, JR.  
MICHAEL G. WOLFSON

\* ADMITTED IN FLORIDA ONLY

SAN FRANCISCO OFFICE  
ALCOA BUILDING  
ONE MARITIME PLAZA  
SAN FRANCISCO, CALIF. 94111  
TELEPHONE: 415-398-3909

TAMPA OFFICE  
BARNETT BANK BUILDING  
1000 ASHLEY DRIVE  
TAMPA, FLORIDA 33602  
TELEPHONE: 813-223-9600  
TELECOPIER: 813-223-9652

No.

NOV 3 1980

Date.....

Fee \$.....

ICC Washington, D. C.

12380  
NOV 3 1980 9 22 AM  
INTERSTATE COMMERCE COMMISSION

October 31, 1980

Interstate Commerce Commission  
12th and Constituion N.W.  
Washington, D.C. 20423

RECORDATION NO. 12380

Attention: Ms. Mildred Dee NOV 3 1980 9 22 AM  
Room 2303

INTERSTATE COMMERCE COMMISSION

Dear Gentlewoman:

It is hereby respectfully requested that the following documents be recorded pursuant to the provisions of 49 USC § 11303:

- 1) Lease of Railroad Equipment dated as of August 1, 1980:

Lessor -

Princeton Bank and Trust Company  
76 Nassau Street  
Princeton, New Jersey 08504

Lessee -

Illinois Central Gulf Railroad Company  
Two Illinois Centre  
233 North Michigan Avenue  
Chicago, Illinois 60601

- 2) Assignment of Lease and Agreement dated as of August 1, 1980:

Assignor (Lessor) -

Princeton Bank and Trust Company  
76 Nassau Street  
Princeton, New Jersey 08504

RECORDED  
NOV 3 9 27 PM '80  
FEE OPERATION  
I.C.C.

*Yanew Bopp*  
*Countersigned*

Interstate Commerce Commission  
Page Two  
October 31, 1980

Assignee (Vendor) -  
The Citizens and Southern National Bank of  
South Carolina  
P.O. Box 1449  
Greenville, South Carolina 29602


General Description of the Equipment:  
49 boxcars, type XM (50' - 6", 70 ton),  
bearing Illinois Central Gulf Railroad  
Company Road Numbers ICG 501025 to ICG  
501073 (both inclusive). °Former identifying  
numbers NSL 102331-380 (excluding NSL 102355)1,  
and each being marked:

"Ownership of this car is subject to  
documents recorded with the Interstate  
Commerce Commission."

5 copies each of the above-referenced documents are included  
herewith. Kindly stamp all 5 copies as to the recordation.  
2 copies are for your files and kindly return 3 copies to the  
undersigned at the above address.

We are special counsel to Princeton Bank and Trust Company  
and have prepared the enclosed documents. We are making this  
request for recordation on behalf of the bank.

Very truly yours,

  
Henry W. Trimble III

**Interstate Commerce Commission**  
Washington, D.C. 20423

11/3/80

OFFICE OF THE SECRETARY

Henry W. Trimble III  
Princeton Bank & Trust Co.  
76 Nassau Street  
Princeton, New Jersey 06504

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 11/3/80 at 9:30am, and assigned re-recording number(s).

12380 & 12380-A

9285-D & 9285-E Sincerely yours,

*Agatha L. Mergenovich*  
Agatha L. Mergenovich  
Secretary

Enclosure(s)

SE-30  
(7/79)

---

12380  
RECORDATION NO. .... Filed 1425  
NOV 3 1980 -9 30 AM  
INTERSTATE COMMERCE COMMISSION

LEASE OF RAILROAD EQUIPMENT

Dated as of August 1, 1980

between

PRINCETON BANK AND TRUST COMPANY

and

ILLINOIS CENTRAL GULF RAILROAD COMPANY

---

LEASE OF RAILROAD EQUIPMENT, dated as of August 1, 1980, between PRINCETON BANK AND TRUST COMPANY, a New Jersey bank and trust company (hereinafter called the Lessor) and ILLINOIS CENTRAL GULF RAILROAD COMPANY a Delaware corporation (hereinafter called the Lessee).

WHEREAS, the Lessor has entered into a Conditional Sale Agreement, dated as of March 1, 1978 (hereinafter called the CSA) with National Railway Utilization Corporation (Golden Tye Division) (hereinafter called the Builder), wherein the Builder agreed to assemble, manufacture, sell and deliver to the Lessor the units of railroad equipment described in Schedule A hereto (hereinafter called the Equipment), which CSA is being amended by a First Amendment to Conditional Sale Agreement, dated as of the date hereof (the CSA as amended by said First Amendment hereinafter called the Security Documentation);

WHEREAS, the CSA has been assigned by the Builder to The Citizens and Southern National Bank of South Carolina (hereinafter called the Vendor), acting as agent under the Security Documentation for Jefferson Standard Life Insurance Company (hereinafter called the Investor); and

WHEREAS, the Lessee desires to lease such number of units of the Equipment as are delivered and accepted hereunder (hereinafter called the Units) at the rentals and for the terms and upon the conditions hereinafter provided;

NOW, THEREFORE, in consideration of the premises and of the rentals to be paid and the covenants hereinafter mentioned to be kept and performed by the Lessee, the Lessor hereby leases the Units to the Lessee upon the following terms and conditions:

§ 1. Net Lease. This Lease is a net lease and the Lessee shall not be entitled to any abatement of rent, reduction thereof or setoff against rent, including, but not limited to, abatements, reductions or setoffs due or alleged to be due by reason of any past, present or future claims of the Lessee against the Lessor under this Lease or under the Security Documentation, or against the Builder, the Vendor, or any financial institution providing funds to the Lessor for the purpose of financing or refinancing the Units, or otherwise; nor, except as otherwise expressly provided

with respect to such Unit of equipment. The term "extraordinary maintenance" as used herein shall mean and include all repairs or maintenance which are attributable to such corrosion or abuse.

§ 3. Rentals. The Lessee agrees to pay to the Lessor, as rental for the Equipment:

(i) a per diem rental for any Unit subject to this Lease for less than a full quarter-annual period, as set forth in clause (ii) below, of \$9.67; and

(ii) 60 consecutive quarter-annual payments, payable in arrears on March 31, June 30, September 30 and December 31 of each year commencing March 31, 1981, each in the amount of \$870 per Unit subject to the Lease.

Anything set forth above to the contrary notwithstanding, it is understood by the parties hereto that rent shall not commence to accrue under this Lease until January 1, 1981.

The rental payments hereinbefore set forth are subject to adjustment pursuant to § 7 hereof.

If any of the rental payment dates referred to above is not a business day, the rental payment otherwise payable to such date shall be payable on the next succeeding business day. The term "business day" as used herein means a calendar day, excluding Saturdays, Sundays and any other day on which banking institutions in New York, New York, are authorized or obligated to remain closed.

The Lessor irrevocably instructs the Lessee to make all the payments provided for in this Lease, including, but not limited to, the payments provided for in this Section 3 and in § 7 hereof, at the principal office of the Vendor, for the account of the Lessor in care of the Vendor, with instructions to the Vendor to apply such payments in accordance with the provisions of Article 24 of the Conditional Sale Agreement. The Lessee agrees to make each payment provided for herein as contemplated by this paragraph in Federal or other funds immediately available to the Vendor by 11:00 a.m., local time, on the date such payment is due.

§ 4. Term of Lease. The term of this Lease as to each Unit shall begin on the date of delivery and acceptance of such Unit hereunder and, subject to the provisions of §§ 7, 10 and 13 hereof, shall terminate on the date on which the final payment of rent in respect thereof is due pursuant to Section 3 hereof. The obligations of the Lessee hereunder (including, but not limited to, the obligations under Sections 6, 7, 9 and 13 hereof) shall survive the expiration of the term of this Lease.

All rights and obligations of the Lessee under this Lease and in and to the Units are subject to the rights of the Vendor under the Security Documentation, provided, however, that the Lessee shall be entitled to possession and use of the Units in accordance with the second paragraph of Section 12 hereof.

§ 5. Identification Marks. The Lessee will cause each Unit to be kept numbered with the identifying number set forth in the column headed "Lessee's Identifying Numbers" in Schedule A hereto, or in the case of any Unit not there listed, such identifying number as shall be set forth in any amendment or supplement hereto extending this Lease to cover such Unit, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each Unit, in letters not less than one-half inch in height, the words "Ownership of this Car subject to documents recorded with the Interstate Commerce Commission", or other appropriate words designated by the Vendor, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Lessor's and Vendor's title to and interest in such Unit and the rights of the Lessor under this Lease and of the rights of the Vendor under the Security Documentation. The Lessee will not place any such Unit in operation or exercise any control or dominion over the same until such words shall have been so marked and will replace promptly any such markings which may be removed, defaced, obliterated or destroyed. The Lessee will not change the identifying number of any Unit unless and until (i) a statement of new number or numbers to be substituted therefor shall have been filed with the Vendor and the Lessor and duly filed, recorded and deposited by the Lessee in all public offices where this Lease and the Security Documentation shall have been filed, recorded and deposited and (ii) the Lessee shall have furnished the Vendor and the Lessor an opinion of counsel to such effect and to the effect that such filing and recordation will protect the interest of the Vendor and the Lessor in and to the

Units and no filing, recording or deposit (or giving of notice) with any other federal, state and local government or agency thereof is necessary in order to protect the interest of the Vendor or the Lessor in and to the Units in the United States of America or any state thereof. The Units may be lettered with the names or initials or other insignia customarily used by the Lessee or its affiliates or assignees or sublessees.

Except as provided in the immediately preceding paragraph, the Lessee will not allow the name of any person, association or corporation to be placed on any Unit as a designation that might be interpreted as a claim of ownership.

§ 6. Taxes. All payments to be made by the Lessee hereunder will be free of net expense (after giving effect to federal, state and local income tax benefits accruing to the Lessor) to the Lessor for collection or other charges and will be free of net expense (after giving effect to federal, state and local income tax benefits accruing to the Lessor) to the Lessor with respect to the amount of any local, state, federal, or foreign taxes (other than any United States federal income tax payable by the Lessor in consequence of the receipt of payments provided for herein and other than the aggregate of all state or local taxes measured by net income based on such receipts, up to the amount of any such taxes based on such receipts which would be payable to the state and locality in which the Lessor has its principal place of business without apportionment to any other state, except any such tax which is in substitution for or relieves the Lessee from the payment of taxes which it would otherwise be obligated to pay or reimburse as herein provided) or license fees, assessments, charges, fines or penalties (all such expenses, taxes, license fees, assessments, charges, fines and penalties being hereinafter called impositions) hereinafter levied or imposed upon or in connection with or measured by this Lease or any sale, rental, use, payment, shipment, delivery or transfer of title under the terms hereof or the Security Documentation, all of which impositions the Lessee assumes and agrees to pay on demand in addition to the payments to be made by it provided for herein. The Lessee will also pay promptly all impositions which may be imposed upon any Unit or for the use or operation thereof (except as provided above) or upon the gross receipts, income and earnings arising therefrom (except as provided above) or upon the Lessor solely by reason of its ownership thereof and will keep at all times all and every part of such Unit free and clear of all



impositions which might in any way affect the title of the Lessor or the interest of the Vendor or result in a lien upon any such Unit; provided, however, that the Lessee shall be under no obligation to pay any impositions of any kind so long as it is contesting in good faith and by appropriate legal or administrative proceedings such impositions and the nonpayment thereof does not, in the reasonable opinion of the Lessor, adversely affect the title, property or rights of the Lessor hereunder or the Vendor under the Security Documentation. The Lessee agrees to give the Lessor notice of such contest within 30 days after institution thereof and the Lessor agrees to provide such information as may be reasonably requested by the Lessee in furtherance of such contest. If any impositions shall have been charged or levied against the Lessor directly and paid by the Lessor, the Lessee shall reimburse the Lessor promptly upon presentation of an invoice therefor; provided, however, that the Lessor shall have given the Lessee written notice of such imposition prior to such payment.

In the event that the Lessor shall become obligated to make any payment to the Vendor or otherwise pursuant to Article 6, 7, 9 or 18 of the Conditional Sale Agreement not covered by the foregoing paragraph of this § 6, the Lessee shall pay such additional amounts and shall also pay the fees and disbursements of the Vendor as agent under the Security Documentation (all of which shall also be deemed impositions hereunder) to the Lessor as will enable the Lessor to fulfill completely its obligations pursuant to such Article.

In the event any returns, statements or reports with respect to impositions are required to be made, the Lessee will make such returns, statements and reports in such manner as to show the interest of the Lessor and the Vendor in such Units.

In the event that, during the continuance of this Lease, the Lessee becomes liable for the payment or reimbursement of any imposition, pursuant to this Section 6, such liability shall continue, notwithstanding the expiration of this Lease, until all such impositions are paid or reimbursed by the Lessee.

To the extent the Lessee may be prohibited by law from performing in its own name the duties required by this § 6, the Lessor hereby authorizes the Lessee to act in its own name and on its behalf; provided, however, that the

Lessee shall indemnify and hold the Lessor harmless from and against any and all claims, costs, expenses, damages, losses and liabilities incurred in connection therewith as a result of, or incident to, any action by the Lessee pursuant to this authorization.

The Lessee shall, whenever reasonably requested by the Lessor, submit to the Lessor copies of returns, statements, reports, billings and remittances, or furnish other evidence satisfactory to the Lessor of the Lessee's performance of its duties under this § 6. The Lessee shall also furnish promptly upon request such data as the Lessor reasonably may require to permit the Lessor's compliance with the requirements of taxing jurisdictions.

§ 7. Maintenance; Casualty Occurrences; Insurance.

The Lessee agrees that, at its own cost and expense, it will be responsible for all maintenance and repairs required to maintain and keep each Unit which is subject to this Lease in good operating order, repair and condition, subject to ordinary wear and tear, and in compliance with the standards from time to time in effect under the Interchange Rules of the Association of American Railroads for use in interchange, to the extent applicable.

In the event that any Unit shall be or become worn out, lost, stolen, destroyed, or, in the opinion of Lessee irreparably damaged, from any cause whatsoever, returned to the Builder pursuant to the patent indemnity provisions of the Security Documentation, or taken or requisitioned by condemnation or otherwise resulting in loss of possession by the Lessee for a period of 90 consecutive days, except requisition for use by the United States Government (such occurrences being hereinafter called Casualty Occurrences), prior to the return of such Unit in the manner set forth in § 13 hereof, the Lessee shall promptly and fully notify the Lessor and the Vendor with respect thereto, including furnishing the Lessor and the Vendor with a certificate setting forth the Casualty Value (as hereinafter defined) of such Unit. On the rental payment date next succeeding such notice the Lessee shall pay to the Lessor an amount equal to the rental payment or payments in respect of such Unit due and payable on such date plus a sum equal to the Casualty Value of such Unit as of the date of such payment in accordance with the schedule referred to below. Upon the making of such payment by the Lessee in respect of any Unit, the rental for such Unit shall cease to accrue, the term of this Lease as to such Unit shall terminate and (except in the

case of loss, theft, complete destruction or return to the Builder of such Unit) the Lessee shall be entitled to retain possession of such Unit. The Lessor hereby appoints the Lessee its agent to dispose of any Unit suffering a Casualty Occurrence or any component thereof, at the best price obtainable on an "as is, where is" basis. Provided that the Lessee has previously paid the Casualty Value to the Lessor, the Lessee shall be entitled to the proceeds of such sale. The Lessee shall be entitled to credit against the Casualty Value payable in respect of any Unit returned to the Builder pursuant to the patent indemnity provisions of the Security Documentation in an amount equal to any payment made by the Builder to the Lessor in respect thereof under the Security Documentation.

The Casualty Value of each Unit as of the payment date on which payment is to be made as aforesaid shall be that percentage of the Purchase Price of such Unit as is set forth in the schedule in Item 1 of Schedule B hereto opposite such date.

In the event of the requisition for use by the United States Government (hereinafter called the Government) of any Unit during the term of this Lease, all of the Lessee's obligations under this Lease with respect to such Unit shall continue to the same extent as if such requisition had not occurred, except that if such Unit is returned by the Government at any time after the end of the term of this Lease and before Lessor shall have abandoned such Unit pursuant to § 13 hereof, the Lessee shall be obligated to return such Unit to the Lessor pursuant to § 11 or § 13 hereof, as the case may be, promptly upon such return by the Government rather than at the end of the term of this Lease, but the Lessee shall in all other respects comply with the provisions of said § 11 or § 13, as the case may be, with respect to such Unit. All payments received by the Lessor or the Lessee from the Government for the use of such Unit during the term of this Lease shall be paid over to, or retained by, the Lessee provided no Event of Default (or other event which after notice or lapse of time or both would become an Event of Default) shall have occurred and be continuing; and all payments received by the Lessor or the Lessee from the Government for the use of such Unit after the term of this Lease and before Lessor shall have abandoned such Unit pursuant to § 13 hereof, shall be paid over to, or retained by, the Lessor.

Except as hereinabove in this § 7 provided, the Lessee shall not be released from its obligations hereunder in the event of, and shall bear the risk of, any Casualty Occurrence to any Unit from and after delivery and acceptance thereof by the Lessee hereunder.

The Lessee will, at all times prior to the return of the Equipment to the Lessor or other disposition thereof pursuant to § 13 hereof, at its own expense, cause to be carried and maintained all risk, physical loss and damage insurance in respect of the Units in an amount at least equal to the Casualty Value of such Units at the time subject hereto, and public liability insurance in amounts and against risks customarily insured against by others in the Lessee's industry in respect of similar equipment. All policies evidencing such insurance shall contain an agreement by the insurers that such policies shall not be cancelled or the amount of coverage without at least 30 days' prior written notice, if insurance industry practice so allows, to the Lessor and the Vendor by the insurers or the insurers' authorized representative, as the case may be. The benefits of such insurance shall be payable to the Vendor, the Lessor and the Lessee, as their interests may appear, so long as any of the Conditional Sale Indebtedness shall not have been paid in full. If the Lessor shall receive any insurance proceeds or condemnation payments in respect of a Unit suffering a Casualty Occurrence, the Lessor shall, subject to the Lessee having made payment of the Casualty Value in respect of such Unit, pay such proceeds or condemnation payments to the Lessee up to an amount equal to the Casualty Value with respect to a Unit paid by the Lessee. Provided that no Event of Default hereunder shall have occurred and be continuing, all insurance proceeds received by the Lessor in respect of any Unit not suffering a Casualty Occurrence shall be paid to the Lessee upon proof satisfactory to the Lessor that any damage to such Unit in respect of which such proceeds were paid has been fully repaired.

§ 8. Reports. On or before March 31 in each year, commencing with the calendar year 1981, the Lessee will furnish to the Lessor and the Vendor an accurate statement (a) setting forth as at the preceding December 31 the amount, description and numbers of all Units then leased hereunder and covered by the Security Documentation, the amount, description and numbers of all Units that have suffered a Casualty Occurrence during the preceding calendar year or are then undergoing repairs (other than running repairs) or then withdrawn from use pending such repairs

(other than running repairs) and such other information regarding the condition and state of repair of the Units as the Lessor or the Vendor may reasonably request and (b) stating that, in the case of all Units repainted or repaired during the period covered by such statement, the numbers and markings required by Section 5 hereof and by the Security Documentation have been preserved or replaced. The Lessor, at its sole cost and expense, shall have the right by its agents, to inspect the Units and the Lessee's records with respect thereto at such reasonable times as the Lessor may request during the continuance of this Lease.

§ 9. Disclaimer of Warranties; Compliance with Laws and Rules; Indemnification. THE LESSOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE UNITS DELIVERED TO THE LESSEE HEREUNDER, AND THE LESSOR MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS OF THE UNITS FOR ANY PARTICULAR PURPOSE OR AS TO TITLE TO THE UNITS OR ANY COMPONENT THEREOF, OR ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO ANY UNIT, EITHER UPON DELIVERY TO THE LESSEE OR OTHERWISE, it being agreed that all such risks, as between the Lessor and the Lessee, are to be borne by the Lessee; but the Lessor hereby irrevocably appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce from time to time, in the name of and for the account of the Lessor and/or the Lessee, as their interests may appear, at the Lessee's sole cost and expense, whatever claims and rights the Lessor may have against the Builder under the provisions of Items 3 and 4 of Annex A of the Security Documentation; provided, however, that if at any time an Event of Default shall have occurred and be continuing, the Lessor may assert and enforce, at the Lessee's sole cost and expense, such claims and rights. The Lessor shall have no responsibility or liability to the Lessee or any other person with respect to any of the following: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Units or by any inadequacy thereof or deficiency or defect therein or by any other circumstances in connection therewith; (ii) the use, operation or performance of any Units or any risks relating thereto; (iii) any interruption of service, loss of business or anticipated profits or consequential damages; or (iv) the delivery, operation, servicing, maintenance, repair, improvement or replacement of any Units. The Lessee's delivery of a Certificate of Acceptance shall be conclusive evidence as between the Lessee and the Lessor

that the Units described therein are in all the foregoing respects satisfactory to the Lessee, and the Lessee will not assert any claim of any nature whatsoever against the Lessor based on any of the foregoing matters.

The Lessee agrees, for the benefit of the Lessor and the Vendor, to comply in all respects (including without limitation, with respect to the use, maintenance and operation of each Unit) with all applicable laws of the jurisdictions in which its operations involving the Units may extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Units, to the extent that such laws and rules affect the title, operation or use of the Units, and in the event that, prior to the expiration of this Lease or any renewal thereof, such laws or rules require any alteration, replacement, addition or modification of or to any part on any Unit, the Lessee will conform therewith at its own expense; provided, however, that the Lessee may at its own expense, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Lessor or the Vendor, adversely affect the property or rights of the Lessor or the Vendor under this Lease or under the Security Documentation. The Lessee, at its own cost and expense, may furnish additions, modifications and improvements to the Units during the term of this Lease provided that such additions, modifications and improvements are readily removable without causing material damage to the Units. The additions, modifications and improvements made by the Lessee under the preceding sentence shall be owned by the Lessee.

The Lessee agrees to indemnify, protect and hold harmless the Lessor and the Vendor from and against all losses, damages, injuries, liabilities, claims and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith, including, but not limited to, counsel fees and expenses, patent liabilities, penalties and interest, arising out of or as the result of the entering into or the performance of or the occurrence of a default, an event of default or an Event of Default under the Security Documentation, the Participation Agreement or this Lease, the ownership of any Unit, the ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage or return of any Unit or any accident in connection with the operation,

use, condition, possession, storage or return of any Unit resulting in damage to property or injury or death to any person except as otherwise provided in § 13 of this Lease, or the transfer of title to the Equipment by the Vendor pursuant to any provision of the Security Documentation. The indemnities arising under this paragraph shall continue in full force and effect notwithstanding the full payment of all obligations under this Lease or the expiration or termination of the term of this Lease.

The Lessee agrees to prepare and deliver to the lessor within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the Lessor) any and all reports (other than tax returns) to be filed by the Lessor with any federal, state or other regulatory authority by reason of the ownership by the Lessor or the Vendor of the Units or the leasing thereof to the Lessee.

§ 10. Default. If, during the continuance of this Lease, one or more of the following events (each such event being herein sometimes called an Event of Default) shall occur:

A. default shall be made in payment of any amount provided for herein, and such default shall continue for five business days;

B. the Lessee shall make or permit any unauthorized assignment or transfer of this Lease, or any interest herein, or of the right of possession of the Units, or any thereof;

C. the insurance to be maintained by the Lessee under § 7 hereof shall for any reason not remain in full force and effect as therein provided, unless comparable substitute insurance satisfactory to the Lessor and the Agent shall be in force;

D. default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein and such default shall continue for 30 days after written notice from the Lessor or the Vendor to the Lessee specifying the default and demanding that the same be remedied;

E. a petition for reorganization under § 77 of the Bankruptcy Act, as now constituted or as said § 77 may hereafter be amended shall be filed by or against the Lessee and, unless such petition shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Lessee under this Lease shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees appointed (whether or not subject to ratification) in such proceedings in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees, within 30 days after such appointment, if any, or 60 days after such petition shall have been filed, whichever shall be earlier;

F. any other proceedings shall be commenced by or against the Lessee for any relief which includes, or might result in, any modification of the obligations of the Lessee hereunder, under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustments of the obligations of the Lessee hereunder), and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Lessee shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for the Lessee or for the property of the Lessee in connection with any such proceedings in such manner that such obligations shall have the same status as obligations incurred by such a trustee or trustees or receiver or receivers, within 30 days after such appointment, if any, or 60 days after such proceedings shall have been commenced, whichever shall be earlier;

G. an event of default set forth in Article 15 of the Security Documentation shall have occurred arising out of any default by the Lessee in performing any of its obligations hereunder; or



H. any of the representations or warranties made by Lessee in this Lease shall prove to be untrue in any material respect;

then, in any such case, the Lessor, at its option, may:

(a) proceed by appropriate court action or actions either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof; or

(b) by notice in writing to the Lessee terminate this Lease, whereupon all rights of the Lessee to the use of the Units shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as herein provided; and thereupon the Lessor may by its agents enter upon the premises of the Lessee or other premises where any of the Units may be and take possession of all or any of such Units and thenceforth hold, possess, sell, operate, lease to others and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Units for any purposes whatever and without any duty to account to the Lessee for such action or inaction or for any proceeds arising therefrom; but the Lessor shall, nevertheless, have a right to recover from the Lessee any and all amounts which under the terms of this Lease may be then due or which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by multiplying the rental for such full rental period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee as damages for loss of the bargain and not as a penalty, whichever of the following amounts the Lessor, in its sole discretion, shall specify: (x) a sum, with respect to each Unit, equal to the excess of the present value, at the time of such termination, of the entire unpaid balance of all rental for such Unit

which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease as to such Unit over the then present value of the rental which the Lessor reasonably estimates to be obtainable for the Unit during such period, such present value to be computed in each case on the basis of a 6% per annum discount, compounded quarter-annually from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated, provided, however, that in the event the Lessor shall have rented any Unit, then the reasonably estimated rental with respect to any such rental period shall be equal to that rental actually obtained by Lessor during such rental period; or (y) an amount equal to the excess, if any, of the Casualty Value as of the rental payment date on or next preceding the date of termination over the amount the Lessor reasonably estimates to be the sales value of such Unit at such time; provided, however, that in the event the Lessor shall have sold any Unit, the Lessor, in lieu of collecting any amounts payable to the Lessor by the Lessee pursuant to the preceding clauses (x) and (y) of this clause (b) with respect to such Unit, may, if it shall so elect, demand that the Lessee pay the Lessor and the Lessee shall pay to the Lessor on the date of such sale, as liquidated damages for loss of a bargain and not as a penalty, an amount equal to the excess, if any, of the Casualty Value for such Unit, as of the rental payment date on or next preceding the date of termination over the net proceeds of such sale.

In addition, the Lessee shall be liable, except as otherwise provided above, for any and all unpaid amounts due hereunder before, during or after the exercise of any of the foregoing remedies and for all reasonable attorneys' fees and other costs and expenses incurred by reason of the occurrence of any Event of Default or the exercise of the Lessor's remedies with respect thereto, including all costs and expenses incurred in connection with the return of any Unit.

The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative and may be exercised concurrently or consecutively, and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify the remedies herein provided, to the extent that such waiver is not, at the time in question, prohibited by law. The Lessee hereby waives any and all existing or future claims to any offset against the rental payments due hereunder, and agrees to make such payments regardless of any offset or claim which may be asserted by the Lessee or on its behalf.

The failure of the Lessor to exercise the rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies.

§ 11. Return of Units Upon Default. If this Lease shall terminate pursuant to § 10 hereof, the Lessee shall forthwith deliver possession of the Units to the Lessor. Each Unit so delivered shall be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted. For the purpose of delivering possession of any Unit or Units to the Lessor as above required, the Lessee shall at its own cost, expense and risk:

(a) forthwith and in the usual manner (including, but not by way of limitation, giving prompt telegraphic and written notice to the Association of American Railroads and all railroads to which any Unit or Units have been interchanged to return the Unit or Units so interchanged) place such Units upon such storage tracks of the Lessee or any of its affiliates as the Lessor reasonably may designate or, in the absence of such designation, as the Lessee may select; provided, however, that such storage on the tracks of the Lessee will not be required if such storage will interfere with the operation of the railroad of the Lessee;

(b) permit the Lessor to store such Units on such tracks or other premises at the risk of the Lessee without charge for insurance, rent or storage until such Units have been sold, leased or otherwise disposed of by the Lessor, provided, however, that such free

storage shall be for a period of nine months after the date of termination of this Lease and thereafter a nominal storage charge per Unit to be agreed upon; and

(c) transport the same to any place on the lines of railroad operated by the Lessee or any of its affiliates or to any connecting carrier for shipment, all as directed by the Lessor.

The assembling, delivery, storage, insurance and transporting of the Units as hereinbefore provided shall be at the expense and risk of the Lessee and are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store, insure and transport the Units. During any storage period, the Lessee will, at its own cost and expense, maintain and keep the Equipment in good order and repair and will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Unit, to inspect the same. All amounts earned in respect of the Units after the date of termination of this Lease shall belong to the Lessor and, if received by the Lessee, shall be promptly turned over to the Lessor.

Without in any way limiting the obligation of the Lessee under the foregoing provisions of this § 11, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of the Lessee, with full power and authority; at any time while the Lessee is obligated to deliver the possession of any Unit to the Lessor, to demand and take possession of such Unit in the name and on behalf of the Lessee from whomsoever shall be in possession of such Unit at the time.

§ 12. Assignment; Possession and Use. This Lease shall be assignable in whole or in part by the Lessor without the consent of the Lessee, but the Lessee shall be under no obligation to any assignee of the Lessor except upon written notice of such assignment from the Lessor. All the rights of the Lessor hereunder (including, but not limited to, the rights under §§ 6, 7, 9 and 10, and the rights to receive the rentals payable under this Lease) shall inure to the benefit of the Lessor's assigns (including the Vendor); and if this Lease is assigned to the Vendor the fact that the Vendor is specifically named herein in

certain provisions shall not be construed as limiting the rights assigned to the Vendor pursuant to such assignment.

So long as the Lessee shall not be in default under this Lease and no event of default shall exist under the Security Documentation, the Lessee shall be entitled to the possession and use of the Units in accordance with the terms of this Lease, but, without the prior written consent of the Lessor and the Vendor, the Lessee shall not assign or transfer its leasehold interest under this Lease in the Units or any of them, except as set forth in the next succeeding sentence. Lessee shall have the right to assign or transfer this Lease or any of Lessee's rights or obligations hereunder, provided that (a) the assignee shall assume in writing and agree to keep and perform all of the terms of this Lease on the part of Lessee to be kept and performed and shall be, and shall become, jointly and severally liable with Lessee for the performance thereof; (b) an original counterpart of each such assignment, duly executed by Lessee and such assignee, in substance and form satisfactory to Lessor, which shall be delivered jointly to Lessor, and (c) Lessee shall remain primarily liable for the prompt payment of the lenders and for the performance and observance of all of the covenants and conditions to be performed by Lessee hereunder. The Lessee, at its own expense, will promptly pay or discharge any and all sums claimed by any party which, if unpaid, might become a lien, charge, security interest or other encumbrance (other than an encumbrance created by the Lessor or the Vendor or resulting from claims against the Lessor or Vendor not related to the ownership of the Units) upon or with respect to any Unit or the interest of the Lessor, the Vendor or the Lessee therein, and will promptly discharge any such lien, claim, security interest or other encumbrance which arises. The Lessee shall not, without the prior written consent of the Lessor and Vendor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Units, except to the extent permitted by the provisions of the immediately succeeding paragraph hereof.

So long as the Lessee shall not be in default under this Lease and no event of default shall exist under the Security Documentation, the Lessee shall be entitled to the possession of the Units and shall also be entitled (i) to the use of the Units by it or any affiliate upon lines of railroad owned or operated by it or any affiliate or upon lines of railroad over which the Lessee or any such affiliate has trackage or other operating rights or over which railroad

equipment of the Lessee or any such affiliate is regularly operated pursuant to contract, (ii) to permit the use of the Units upon connecting and other carriers in the usual interchange of traffic or pursuant to run-through agreements, and (iii) to sublease any Unit or Units to other companies incorporated under the laws of any state of the United States or the District of Columbia, for use in connection with their operations, but only upon and subject to all the terms and conditions of this Lease; provided, however, that the Lessee shall not assign or permit the assignment of any Unit to service involving the regular operation and maintenance thereof outside the United States of America. The Lessee may receive and retain compensation (subject to the provisions of § 3 hereof) for such use from other railroads and companies so using any of the Units.

Nothing in this § 12 shall be deemed to restrict the right of the Lessee to assign or transfer its leasehold interest under this Lease in the Units or possession of the Units to any railroad corporation incorporated under the laws of any state of the United States of America or the District of Columbia (which shall have duly assumed the obligations of the Lessee hereunder and under the Participation Agreement and the Consent (as defined in the Security Documentation)) into or with which the Lessee shall have become merged or consolidated or which shall have acquired the property of the Lessee as an entirety or substantially as an entirety, provided that such assignee or transferee will not, upon the effectiveness of such merger, consolidation or acquisition, be in default under any provision of this Lease.

Except as provided above, the Lessee shall have no other right or option, including right to renew or extend the term hereof, upon the expiration of the term of this Lease.

§ 13. Disposition of Units upon Expiration of Term; Renewal and Purchase Options.

(a) Return of Units. As soon as practicable on or after the expiration of the term of this Lease with respect to any Unit, the Lessee will, at its own cost and expense, at the request of the Lessor, deliver possession of such Unit to the Lessor upon such storage tracks of the Lessee or other premises as the Lessor reasonably may designate, provided that such storage on the Lessee's storage tracks does not interfere with the operation of the

railroad of the Lessee. The Lessee will permit the Lessor to store such Unit on such tracks for a period not exceeding three months and transport the same, at any time within such three-month period, to any reasonable place on the lines of railroad operated by the Lessee, or to any connecting carrier for shipment, all as directed by the Lessor, such movement and storage of any such Unit on the storage tracks of the Lessee to be at the expense and risk of the Lessee. During said three-month storage period and at the expiration thereof, the Lessee agrees to transport the Units to any other reasonable place designated by the Lessor, the movement of such Units to such places (other than to the places set forth in the immediately preceding sentence) to be at the expense and risk of the Lessor except that the Lessee shall pay any such expense of the Lessor to the extent of any revenues earned by such Units during such movement, and the Lessee shall use its best efforts to realize such revenues on such Units during such movement. During any such storage period the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser or lessee of such Unit, to inspect the same; provided, however, that the Lessee shall not be liable, except in the case of negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Lessor or any such prospective purchaser or lessee, the rights of inspection granted under this sentence. The assembling, delivery, storage and transporting of the Units as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units. Each Unit returned to the Lessor pursuant to this § 13 shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, and (ii) meet the standards then in effect under the Interchange Rules of the Association of American Railroads for use in interchange service and/or the applicable rules of any governmental agency or other organization with jurisdiction.

(b) Lessor's Right to Abandon Units. Lessor may, in its discretion, elect to abandon the Units upon expiration of the term of this Lease by delivering written notice to such effect to Lessee. Title to the Units covered by the notice shall pass to Lessee as of the date so specified in

the notice, or if no such date is specified, then upon Lessee's receipt of such notice, and thereafter Lessee shall hold Lessor harmless from any and all liability arising from the ownership of the Units.

(c) Renewal And Purchase Options. Provided that this Lease has not been earlier terminated, and no Event of Default (or other event which with lapse of time or notice or both would become an Event of Default) shall have occurred and be continuing hereunder, Lessee may, by written notice delivered to Lessor not less than 180 days prior to the expiration of the original term or any renewal term of this Lease in respect of the Units still subject to this Lease, (i) elect to extend such original term or any renewal term of this Lease in respect of all of the Units then covered by this Lease for a renewal term or renewal terms of up to three consecutive terms of three years each, commencing on the scheduled expiration of such original term or a previous renewal term, as the case may be, at a "Fair Market Rent" (as determined below) payable, in arrears, in quarterly payments on the quarterly anniversaries of the expiration of the original term or a previous renewal term of this Lease, or (ii) elect to purchase all, but not less than all, of the Units then covered by this Lease for a purchase price equal to the "Fair Market Value" (as determined below) of such Units as of the end of the original or extended term of this Lease, as the case may be. If Lessee elects to extend the original term or any renewal term of this Lease pursuant to this Section 13(c), Lessor and Lessee agree that the Casualty Values for the extended term of this Lease shall be determined in a manner consistent with the original calculations of the prior Casualty Values.

"Fair Market Rent" shall be determined for each renewal term of this Lease on the basis of, and shall be equal in amount to, the rent which would be obtained in an arm's-length transaction between an informed and willing lessee (other than a lessee currently in possession) under no compulsion to lease and an informed and willing lessor under no compulsion to lease and, in such determination, costs of removal from the location of current use shall not be a deduction from such rent. If, after 90 days from the giving of notice by Lessee of Lessee's election to extend the original term or any renewal term of this Lease, Lessor and Lessee are unable to agree upon a de-



termination of the Fair Market Rent of such Units, Lessee may rescind such notice (and thereby elect not to extend the original term or a previous renewal term of this Lease) or such rent shall be determined in accordance with the foregoing definition by a qualified independent Appraiser. The term Appraiser shall mean such independent appraiser as Lessor and Lessee may mutually select within 100 days after such notice, or failing such mutual selection, a panel of three independent appraisers, one of whom shall be selected by Lessor, the second by Lessee, each within 110 days after such notice, and the third designated by the first two so selected within 120 days after such notice, provided that if no such third appraiser is appointed within 120 days after such notice, either party may apply to the American Arbitration Association to make such appointment in accordance with its rules (with instructions to make such appointment forthwith), and both parties shall be bound by any appointment so made. The Appraiser shall be instructed to make such determination within a period of 30 days following appointment, and shall promptly communicate such determination in writing to Lessor and Lessee. The determination so made shall be conclusively binding upon both Lessor and Lessee. If the Appraiser is a single independent appraiser, his expenses and fees shall be borne by Lessee; if the Appraiser is a panel of three independent appraisers, Lessee and Lessor each shall pay the expenses and fees of the appraiser selected by it and shall bear equally the expenses and fees of the third appraiser.

Fair Market Value shall be determined on the basis of, and shall be equal in amount to, the value which would be obtained in an arm's-length transaction between an informed and willing buyer-user (other than (i) a lessee currently in possession and (ii) a used equipment dealer) under no compulsion to buy and an informed and willing seller under no compulsion to sell, and such determination, costs of removal from the location of current use shall not be a deduction from such value. If, after 90 days from the giving of notice by Lessee of Lessee's election to purchase such Units, Lessor and Lessee are unable to agree upon a determination of the Fair Market Value of such Units, Lessee may rescind such notice (and thereby elect not to purchase such Units) or such value shall be determined in accordance with the foregoing definition by the Appraiser. The Appraiser shall be instructed to make

such determination within a period of 30 days following appointment and shall promptly communicate such determination in writing to Lessor and Lessee. The determination so made shall be conclusively binding upon both Lessor and Lessee. If the Appraiser is a single independent appraiser, his expenses and fees shall be borne by Lessee; if the Appraiser is a panel of three independent appraisers, Lessee and Lessor each shall pay the expenses and fees of the appraiser selected by it and shall bear equally the expenses and fees of the third appraiser.

Upon payment of the purchase price, Lessor shall upon request of Lessee execute and deliver to Lessee, or to Lessee's assignee or nominee, a bill of sale (without recourse, representation or warranty, express or implied, except that such Units are free and clear of all claims, liens, security interests and other encumbrances by or in favor of any person claiming by, through or under Lessor) for such Units, and such other documents as may be reasonably required to release such Units from the terms and scope of this Lease and to transfer title thereto to Lessee or such assignee or nominee, in such form as may be reasonably requested by Lessee, all at Lessee's expense.

§ 14. Recording. The Lessee, at its own expense, will cause this Lease, the Security Documentation and any assignment hereof or thereof to be filed and recorded with the Interstate Commerce Commission in accordance with 49 U.S.C. § 11303. The Lessee will undertake the filing, registering, deposit, and recording required of the Lessor under the Security Documentation and will from time to time do and perform any other act and will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, record (and will refile, reregister, deposit and redeposit or rerecord whenever required) any and all further instruments required by law or reasonably requested by the Lessor or the Vendor for the purpose of proper protection, to their satisfaction, of the Vendor's and the Lessor's respective interests in the Units, or for the purpose of carrying out the intention of this Lease, the Security Documentation and the assignment thereof to the Vendor; and the Lessee will promptly furnish to the Vendor and the Lessor evidence of all such filing, registering, depositing or recording, and an opinion or opinions of counsel for the Lessee with respect thereto satisfactory

to the Vendor and the Lessor. This Lease and the Security Documentation shall be filed and recorded with the Interstate Commerce Commission prior to the delivery and acceptance hereunder of any Unit.

§ 15. Income Taxes. The Lessor and the Lessee acknowledge that the Lessee shall be under no obligation to the Lessor, by way of indemnification or otherwise (except to the extent provided in § 6 above), in respect of the Lessor's liability (if any) for the payment of Federal or state net income taxes as the result of the realization by the Lessor of income hereunder.

§ 16. Interest on Overdue Rentals. Anything to the contrary herein contained notwithstanding, any nonpayment of rentals and other obligations due hereunder shall result in the obligation on the part of the Lessee promptly to pay on demand, to the extent legally enforceable, an amount equal to 11.5% per annum of the overdue rentals and other obligations for the period of time during which they are overdue or such lesser amount as may be legally enforceable.

§ 17. Notices. Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when mailed, first class, postage prepaid, addressed as follows:

(a) if to the Lessor, at the address set forth in Item 2 of Schedule B hereto;

(b) if to the Lessee, at Two Illinois Center,  
233 North Michigan Avenue, Chicago, Illinois 60601,  
Attention: Treasurer;

or addressed to either party at such other address as such party shall hereafter furnish to the other party in writing. Copies of each such notice shall be given to the Vendor at P.O. Box 1449, Greenville, South Carolina 29602, Attention of Corporate Trust Department, or as the Vendor may otherwise specify.

§ 18. Severability; Effect and Modification of Lease. Any provision of this Lease which is prohibited or unenforceable in any jurisdiction, shall be, as to such jurisdiction, ineffective to the extent of such prohibition or unenforceability without invalidating the remaining

provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

This Lease exclusively and completely states the rights of the Lessor and the Lessee with respect to the leasing of the Units and supersedes all other agreements, oral or written, with respect thereto. No variation or modification of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized signatories for the Lessor and the Lessee.

§ 19. Execution. This Lease may be executed in several counterparts, such counterparts together constituting but one and the same instrument, but the counterpart delivered to the Vendor pursuant to the Assignment hereof to the Vendor shall be deemed to be the original and all other counterparts shall be deemed duplicates thereof. Although for convenience this Lease is dated as of the date first set forth above, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

§ 20. Law Governing. This Lease having been executed and delivered in in the State of New Jersey, the terms hereof, and all rights and obligations hereunder, shall be governed by the laws of such Commonwealth; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303.

§ 21. No Recourse. No recourse shall be had against the Lessor, its employees, shareholders, directors, officers or its successors or assigns, for any claim based on any failure of the Lessor in the performance of any of its covenants contained in this Lease. In the event of any such failure, recourse shall be had solely against the Equipment.

§ 22. The Lessee represents and warrants as follows:

(a) No authorization or approval is required from any governmental or public regulatory body or authority of the United States of America, or of any of the States thereof or the District of Columbia, in connection with the execution by it of this Lease, or the fulfillment of or compliance with the terms, conditions and provisions hereof by it or arising from its possession or use of the Equipment in connection with the terms, conditions and provisions of the Lease.

(b) It has furnished to the Lessor balance sheets of Lessee as of December 31, 1978 and December 31, 1979, and related statements of earnings and retained earnings and of changes in the financial position for the years then ended, in each case accompanied by the report of Peat Marwick Mitchell & Company, certified public accountants. Such financial statements are in accordance with the books and records of Lessee and have been prepared in accordance with generally accepted accounting principles. The financial statements have been prepared on a consistent basis throughout the periods covered thereby, except as set forth therein. The financial statements present fairly the financial condition of Lessee at such dates and the results of its operations for such periods. Since December 31, 1979, there have been no changes except in the ordinary course of business, and there have been no changes which individually or in the aggregate have been materially adverse to the condition, financial or otherwise, of Lessee as shown on the balance sheet as of such date.

(c) The Equipment will be used in interstate commerce.

(d) It is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware and is duly qualified and authorized to do business and is in good standing in all other jurisdictions where the nature of the properties owned by it, or the nature of the business conducted by it may require such qualification; or if not so qualified, its failure so to qualify in any other jurisdiction will not have a materially adverse impact on this Lease.

(e) It has the full corporate power and authority and legal right and possesses all licenses and permits necessary to carry on its principal business as now conducted and to perform its obligations under this Lease.

(f) Neither the execution and delivery of this Lease, nor the consummation of the transactions herein and therein contemplated, or the fulfillment of, or compliance with, the terms and provisions hereof and thereof, by Lessee will conflict with, or result in a breach of, any of the terms, conditions or provisions

of its articles of incorporation (as amended) or by-laws (as amended), or of any bond, debenture, note, mortgage, indenture, contract or other agreement or instrument to which it is now a party or by which it or its property may be bound as guarantor or otherwise, or constitute (with the giving of notice or the passage of time or both) a default thereunder.

(g) Neither the execution and delivery by it of this Lease, nor the consummation of the transactions herein and therein contemplated, nor the fulfillment of, or compliance with, the terms and provisions hereof and thereof will conflict with, or result in a breach of, any of the terms, conditions or provisions of any law, or any regulation, order, injunction or decree of any court or governmental instrumentality.

(h) No mortgage, deed of trust or other lien of any nature whatsoever (other than liens, if any, for taxes not yet due and payable or the security interest and lien created by the Security Documentation or Lessee's indenture lien attaching to Lessee's leasehold interest in this Lease but for which no additional indebtedness is being incurred), which now covers or affects any property or interest therein of Lessee now attaches or hereafter will attach to the Equipment or in any manner affects or will affect adversely the right, title and interest of the Vendor, Lessor or the Investor therein.

(i) There are no actions, suits or proceedings pending or threatened against or affecting Lessee, or any of its property rights, at law or in equity, or before any commission or other administrative agency, arbitration board or tribunal which will in the opinion of Lessee's management materially and adversely affect its condition, financial or otherwise, or its ability to perform its obligations under this Lease, and it is not in default with respect to any order or decree of any court or governmental commission, agency or instrumentality.

(j) This Lease assuming due authorization, execution and delivery thereof by the Lessor, is a legal and valid instrument binding upon Lessee and enforceable against it in accordance with its terms.

IN WITNESS WHEREOF, the parties hereto have executed or caused this instrument to be executed as of the date first above written.

PRINCETON BANK AND TRUST COMPANY

(Corporate Seal)

Attest:

Agnes Constance  
Secretary

By

  
~~Vice President~~  
Robert L. Glover  
Assistant Treasurer

ILLINOIS CENTRAL GULF RAILROAD COMPANY

(Corporate Seal)

Attest:

W. H. Rander  
ASSISTANT Secretary

By

  
Vice President

STATE OF NEW JERSEY )  
: ss.:  
COUNTY OF MERCER )

On this 15<sup>th</sup> day of Sept, 1980, before me personally appeared Agnes Constance to me personally known, who, being by me duly sworn, says that she is Secretary of PRINCETON BANK AND TRUST COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

(Notarial Seal)

Linda Macaluso Lombardo  
Notary Public

LINDA MACALUSO  
NOTARY PUBLIC OF NEW JERSEY  
My Commission Expires March 26, 1981.

My Commission expires:



STATE OF *Illinois*

COUNTY OF *Cook*

)  
: SS.:  
)

On this *17<sup>th</sup>* day of *September*, *1980*, before me personally appeared *G. E. Konker*, to me personally known, who, being by me duly sworn, says that he is *Vice President* of ILLINOIS CENTRAL GULF RAILROAD COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

*Virginia N. Adenaden*  
Notary Public

My Commission expires:

*May 4, 1984*

SCHEDULE A TO LEASE

<u>TYPE</u>	<u>QUANTITY</u>	<u>FORMER IDENTIFYING NUMBERS</u>	<u>LESSEE'S IDENTIFYING NUMBERS (BOTH INCLUSIVE)</u>
50'-6"	49	NSL 102331-380 (excluding NSL 102355)	ICG 501025-073
70-ton			
Box Cars			
Type XM			

# SCHEDULE B TO LEASE

## Casualty Values

64

Item 1:	<u>Date</u>	<u>Percentage</u>
	1/1/81 to 12/31/81	87.36
	1/1/82 to 12/31/82	82.71
	1/1/83 to 12/31/83	78.22
	1/1/84 to 12/31/84	73.86
	1/1/85 to 12/31/85	69.59
	1/1/86 to 12/31/86	65.38
	1/1/87 to 12/31/87	61.20
	1/1/88 to 12/31/88	57.02
	1/1/89 to 12/31/89	52.79
	1/1/90 to 12/31/90	48.56
	1/1/91 to 12/31/91	44.22
	1/1/92 to 12/31/92	39.76
	1/1/93 to 12/31/93	35.17
	1/1/94 to 12/31/94	30.41
	1/1/95 to 12/31/95	25.39

Item 2: Princeton Bank & Trust Company  
 76 Nassau Street  
 Princeton, New Jersey 08540  
 Attn: A.W. Georgantas

Exhibit 1

CERTIFICATE OF INSPECTION AND ACCEPTANCE

The undersigned, \_\_\_\_\_, a duly authorized representative of ILLINOIS CENTRAL GULF RAILROAD COMPANY, DOES HEREBY CERTIFY to Princeton Bank and Trust Company, as Vendee under the Conditional Sale Agreement, dated as of March 1, 1978, between it and National Railway Utilization Corporation (Golden Type Division), as amended by a First Amendment to Conditional Sale Agreement, dated as of August 1, 1980, on behalf of ILLINOIS CENTRAL GULF RAILROAD COMPANY, as Lessee under the Lease of Railroad Equipment dated as of August 1, 1980, between said Lessee and Princeton Bank and Trust Company; that the boxcars, the road numbers of which are set forth below, have this date been found by me to each be in a condition satisfactory to Lessee for the purposes of the Lease; that each of said boxcars has been marked in accordance with the requirements of said Lease, and otherwise bear no markings other than as is permitted by the terms of said Lease; and that by my act in executing and delivering this Certificate, said boxcars are accepted by Illinois Central Gulf Railroad Company, as Lessee under said Lease:

Lessee's Road Numbers

Old Road Numbers

IN WITNESS WHEREOF, I have executed and delivered this document this \_\_\_\_\_ day of \_\_\_\_\_, 1980.

---